

Technical Enquiry Service- Frequently Asked Question

Does CIPFA still issue a defined interest rate for capital charges?

The last Local Authority Accounting (LAAP) Bulletin defining interest rates for the purpose of determining capital charges was LAAP 97 issued October 2014 in respect of 2014/2015.

There are no plans to issue further LAAP Bulletins in this area. For assets carried at current value, the rate was based on the discount rate that HM Treasury uses for central government capital charging purposes on the 1 October of the preceding year. For assets carried at historical cost the rate to be applied was based on the average PWLB interest rate applying to the longest dated maturity loan generally offered by the PWLB, for example 49.5 – 50 years during September of the previous year. The PWLB website has details of historical rates.

DISCLAIMER

The CIPFA Technical Enquiry Service offers members and registered students a service providing information, guidance and advice on professional issues. Please note that the guidance offered by the Technical Enquiry Service should not be taken as an authoritative interpretation of the law and should not be considered as constituting a definition of proper accounting practice. Answers offered are based solely on the information provided to the Service. All reasonable care is exercised in preparing responses to questions. However enquirers should always refer to the primary sources before relying on this advice and check any interpretation of published guidance with their own professional advisors.